



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/2/2001

GAIN Report #TH1119

Thailand

Agricultural Situation

A Potential Import Tariff Cut

2001

Approved by:

Maurice W. House

U.S. Embassy

Prepared by:

Sakchai

Report Highlights:

The Thai Government is making an effort to reduce import duties for several commodities in order to enhance the competitiveness of Thai industries.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bangkok [TH1], TH

SUMMARY

A source in the Thai wheat flour industry recently reported that the Thai Government is reviewing its plan to reduce import duties for many products, mainly imported as raw materials. This movement is intended to improve the competitiveness of Thai agricultural and industrial businesses across the board. As a result, duties for wheat grain will reportedly be deducted from the current tariff of 1.00 baht/kilogram (about US\$ 22/ton or 15% over the C&F prices) to 1-5 percent. Trade sources anticipated that, if approved, the new tariff scheme for wheat may be valid by January 2002. An officer in Ministry of Finance confirmed that this rumor is correct, but he said that further discussion with other related Ministries (such as Ministry of Agriculture and Ministry of Commerce) is needed before the final decision will be made. Accordingly, this issue is still vulnerable at the moment.

An effort to reduce import duties (in order to enhance the competitiveness of Thai industries) with a high degree of vulnerability, is reflected in a decision by the cabinet on October 30 to approve a drafted tariff reduction for 217 items of commodities/products, covering a wide range of raw materials in food processing, feed production, textile, and construction. But because of a fear of its adverse impact on domestic producers, the Cabinet agreed to return this new tariff scheme for further consideration by such related government agencies as Ministry of Agriculture and Ministry of Commerce. In addition, the details for targeted commodities and proposed tariffs are not publicly announced. A government source also affirms that wheat grain was not included in this proposed tariff plan yet.